Enterprise Resource Planning and a contest to limit the role of management accountants: A strong structuration perspective

Lisa Jack*, Ahmed Kholeif

School of Accounting, Finance and Management, University of Essex, Wivenhoe Park, Colchester, Essex CO4 3SQ, UK

Abstract

The implementation and use of Enterprise Resource Planning (ERP) systems raise fundamental questions about the role of management accountants in an organisation. The case studied here, involving an attempt to establish an ERP system in an organisation funded by both the European Union (EU) and the Egyptian government, is an exploration of conflicting beliefs about the role of management accountants. Elements of strong structuration theory (a reinforced version of Giddens’ structuration theory) are used to analyse how the contest over the role of the management accountant in a new organisation was played out during the partially successful attempt to establish ERP in conjunction with a system that was felt to better support the requirements of the EU for performance-based budgeting. Despite the forward-looking dispositions of key actors within the organisation and from the EU, the role of the management accountant here became compressed to the traditional one of cost information collector and provider.

© 2007 Elsevier Ltd. All rights reserved.

Keywords: Structuration theory; ERP systems; Management accountants; Performance-based budgeting; Egypt; EU

1. Introduction

Enterprise Resource Planning (ERP) systems have been recognised as the most important development in the corporate use of information technology in the 1990s (Davenport, 1998), promising seamless integration of all the information flows throughout a firm. A number of recent studies have investigated the impact of ERP systems on management accounting and control (e.g. Granlund & Malmi, 2002; Quattrone & Hopper, 2005; Scapens & Jazayeri, 2003). Furthermore, Chapman (2005, p. 685) argues that studies in this area should view ERP systems not as technological curiosities, but as vehicles through which fundamental questions concerning the nature of management accounting and control may be both asked and answered. The questions raised in this study concern the role of management accountants in ERP systems.

A number of writers have observed changes in the role of the management accountant over the last two decades (Pierce & O’Dea, 2003; Yazdifar & Tsamenyi, 2005). Installations of large-scale integrated information systems have been identified as a major cause of such change as the position and the practices of management accountants, relative to other actors within organisations, are re-established (Granlund & Malmi, 2002; Scapens & Jazayeri, 2003; Scapens, Jazayeri, & Scapens, 1998). Burns and Vaivo (2001, pp. 389–390) identify four particular roles in their summary of the literature on the changing role of management accountants—the provider of cost information, the controller/scorekeeper, the internal business consultant providing business support and the member of the strategic
management team. Further to this, Caglio (2003), Newman and Westrup (2005), El Sayed (2006) and others observe that the role of management accountants in ERP environments becomes increasingly subject to hybridisation (where the role expands to encompass other business and information systems activities or where other actors expand their roles to encompass accounting activities). It is also observable, however, that other professionals may compete with management accountants in order to preserve their own domains (Burns & Vaivo, 2001, p. 391).

In popular management literature, the Chief Financial Officer (CFO) has a dynamic role in an ERP system, as exemplified in a book by the ‘mySAP team’ entitled ‘The CFO as Business Integrator’ (Read & Schieuemann, 2003). These ERP developers see the CFO ‘at the center of the drive for integration—pulling together critical business processes; planning, supporting and measuring’ and ‘linking the inside world with the outside world’ (Read & Schieuemann, 2003, preface). Local organisations in less developed countries generally are yet to reach this stage; accounting systems and the role of the management accountant tend to be more traditional, less evolved than those in developed countries (Wallace, 1997). However, the presence of multinational companies and international donor organisations in less developed countries does mean the contesting roles of the management accountant noted above are all apparent (Uddin & Tsamenyi, 2006).

In the case study presented here, the appointed Financial Controller (effectively the CFO) came with a view of his own role that was very much in line with the progressive ‘CFO as strategic manager and business integrator’. However, the external funding agency (the European Commission), in the process of developing performance-based budgeting (PBB), required an evolving mix of the management accountant as internal consultant and the management accountant as scorekeeper. The Egyptian government, who set up the organisation examined, in essence advertised for a management controller. The other agents inside the organisation resisted both any encroachment on their own roles and being controlled. The object of the contest over which the management accountant would prevail was the failed attempt (by the Financial Controller’s Department) to install an ERP information system for the organisation as a whole. A stable accounting system was eventually achieved in which the ERP system was partially utilised, but in which the role of the management accountant became reduced to the very traditional one of the provider of cost information. Although the Accounting Department under the Financial Controller had responsibilities other than management accounting, this was their primary role and this study focuses on that role alone.

The obvious reasons for the failure of the actors involved to establish a full ERP system – that it was an unsuitable choice and there was a lack of suitable support given that it was a developing country – are not the full story. The project to implement the ERP system, which was customised to fit the programme and performance budgeting practices in the Industrial Modernisation Centre (IMC), was carried out using monies provided through a European Union (EU) agreement with the Egyptian government. The project was driven by the management accountants within the organisation and their attempts to dominate the project implementation, to take charge of the ERP system and to resist certain requirements of the EU and internal colleagues, form the narrative of the case.

The key relationships between the organisation in focus and external bodies are analysed using Stones’ (2005) strong structuration theory (a reinforced version of Giddens’ (1984) structuration theory). This version overcomes the limitations of both new institutional sociology theory and Giddens’ structuration theory. New institution theory has largely focused on the role of external institutions in shaping and constraining the actions of actors (Barley & Tolbert, 1997; Modell, 2002), whereas Giddens’ structuration theory has focused on the unlimited ability of actors to respond to institutional pressures. It has been noted by Whittington (1992, pp. 697, 703) and others (e.g. Archer, 1995; Parker, 2000) that the notion of external structures and their influence on actors are seriously underdeveloped in Giddens’ work on structuration theory.

The authors have chosen to use a recent development denoted as strong structuration theory, which is presented in Stones’ (2005) book entitled Structure Theory. This book has been described as the ‘most serious attempt to date to give structuration theory a new lease of life’ (Parker, 2006, p. 122) and although Parker expresses doubt over whether the inherent problem of duality rather than dualism in Giddens’ theory is overcome, he states that ‘Stones will undoubtedly be frequently and justifiably cited’ in the theoretical rationalisations of researchers seeking to explain the emergence of structure and action (p. 137). Edwards (2006, p. 911) sees Stones’ work as a ‘substantive development of the constructs around structuration theory’ that will be used to regularly inform future research projects (p. 913). This study represents an early attempt to apply these developments in the interpretation of accounting research.

The strength of strong structuration theory is in its formulation of a framework that can translate the ontology of structuration theory into the epistemological and methodological understanding required by researchers on the ground, designing and interpreting substantive, empirical work (Stones, 2005, p. 116). In this study, it has been used as an
دریافت فوری
متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات